

Message Text

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ACTION PM-04

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FM AMEMBASSY PANAMA

TO SECSTATE WASHDC 9837

INFO USCINCSO QUARRY HEIGHTS CANAL ZONE

JCS WASHDC

SECDEF WASHDC

C O N F I D E N T I A L PANAMA 7987

E.O. 11652: GDS

TAGS: MASS PN

SUBJECT: COUNTRY ALLOCATION OF FY 1977 MAP AND IMET -PANAMA

REF: STATE 270572 DTG 031519Z NOVEMBER 1976.

1. THE \$400,000 IMET ALLOCATION FOR PANAMA INDICATED BY THE REFERENCED MESSAGE FALLS FAR SHORT OF THE COST OF TRAINING CURRENTLY PLANNED FOR FY 1977, AND WELL BELOW THE MINIMUM AMOUNT WHICH I BELIEVE ACCEPTABLE.

2. WHEN THE 1977 IMET TRAINING PROGRAM WAS JOINTLY PLANNED BY MILGROUP PANAMA AND THE NATIONAL GUARD LAST YEAR, PROGRAM COST WAS ESTIMATED AT SLIGHTLY MORE THAN \$300,000. REPRICING THE SAME TRAINING UNDER NEW ACCOUNTING METHODS HAS MORE THAN DOUBLED THIS COST TO \$652,670. \$426,000 OF THIS AMOUNT ARE BLOCKED FUNDS FOR CANAL ZONE MILITARY SCHOOLS.

3. BY POSTPONING ONE AVIATION COURSE IN THE U.S. UNTIL 1978, AND NOT PAYING LIVING ALLOWANCES TO STUDENTS ATTENDING CANAL ZONE SCHOOLS, THE PROGRAM COST CAN BE REDUCED TO \$550,000. ANY AMOUNT BELOW THIS FIGURE WOULD REDUCE ACTUAL TRAINING BELOW MINIMUM ESSENTIAL LEVELS.

4. WE HAVE BEEN URGING PANAMA TO IMPROVE ITS DEFENSE CAPA-
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BILITIES IN ORDER TO PARTICIPATE WITH THE UNITED STATES IN THE

DEFENSE OF THE PANAMA CANAL DURING THE PERIOD OF A NEW CANAL TREATY. I HAVE OFTEN REPORTED MY FIRM VIEW THAT IT IS IN THE UNITED STATES INTEREST THAT PANAMA BE ABLE TO DO THIS. THIS MESSAGE WAS CONVEYED MOST RECENTLY AND FORCEFULLY BY DEPUTY TREATY NEGOTIATOR BELL TO NATIONAL GUARD CHIEF OF STAFF LTC FLOREZ (PANAMA 7437 DTG 301710Z OCTOOER 1976). THE EMBASSY AND MILGROUP STAFF HAVE MADE THE SAME POINT ON NUMEROUS OTHER OCCASIONS.

5. THE GOVERNMENT OF PANAMA IS CURRENTLY EXPERIENCING SERIOUS FINANCIAL DIFFICULTIES, AND CANNOT AFFORD TO PURCHASE THE MILITARY HARDWARE OR TRAINING WHICH IT NEEDS TO DEVELOP THE CAPABILITIES THAT IT NEEDS AND THAT WE WANT IT TO HAVE. THE NATIONAL GUARD IS THEREFORE RELYING HEAVILY ON THE IMET PROGRAM TO HELP WITH KEY TRAINING REQUIREMENTS FOR ITS FORCE DEVELOPMENT.

6. WHILE TRAINING PRICES HAVE INCREASED BY OVER 100 PER CENT DURING THE PAST YEAR, THE PANAMA IMET LEVEL HAS REMAINED VIRTUALLY THE SAME. IT IS QUITE INCONSISTENT OF US THUS TO DENY FUNDING FOR THE TRAINING WHICH WE ARE URGING PANAMA TO ACQUIRE--AND WHICH WE WANT IT TO ACQUIRE FROM US.

7. I STRONGLY URGE THAT THE IMET LEVEL FOR PANAMA BE INCREASED FROM \$400,000 TO \$550,000 AS THE MINIMUM NECESSARY TO ACCOMPLISH OUR DESIRED GOALS AND SERVE OUR INTERESTS AS WE SEE THEM IN THE REPUBLIC.

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Margaret P. Grafeld
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